

EXHIBIT A

IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA
(HEALTHSOUTH CORPORATION 2002 DERIVATIVE LITIGATION)

WADE TUCKER, derivatively for the
Benefit of and on behalf of the Nominal
Defendant HealthSouth Corporation,

CIVIL ACTION NO. CV-02-5212

RICHARD M. SCRUSHY, *et al.*,

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

AFFIDAVIT OF ROBERT J. GIUFFRA, JR.

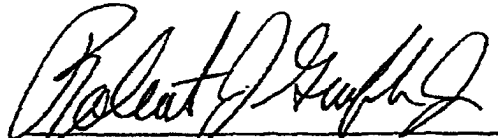
Robert J. Giuffra, Jr., being duly sworn, deposes and says:

1. I am a partner of the law firm Sullivan & Cromwell LLP, counsel for UBS Securities LLC ("UBS Securities"), formerly known as UBS Warburg LLC, in this action. I am a member of the bar of the State of New York.

2. On August 18, 2003, the Third Amended Complaint was served upon UBS Securities, an entity that is not named as defendant in this action. A true and correct copy of the Notice of Service of Process is attached as Exhibit A hereto.

3. As counsel for UBS Securities, I am familiar with the organization of UBS Securities and its affiliates. To the best of my knowledge and belief, neither UBS Group nor UBS Investment Banking is a legal entity incorporated in any U.S. state or foreign country. Rather, UBS Group is a term used to reference numerous UBS entities, including UBS Securities, its affiliates and parent corporation. UBS Investment

Bank is a term that is used to reference the investment banking division of UBS Securities.


Robert J. Giuffra, Jr.

Sworn to before me this
16th day of October, 2003



Notary Public

GAURAV I. SHAH
Notary Public, State of New York
No. 02316083029
Qualified in New York County
Commission Expires Nov. 12, 2006

EXHIBIT B

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re HEALTHSOUTH CORPORATION SECURITIES LITIGATION)	Master File No. CV-03-BE-1500-S
)	
This Document Relates To: All Actions)	
_____)	
In re HEALTHSOUTH CORPORATION STOCKHOLDER LITIGATION)	Consolidated Case No. CV-03-BE-1501-S
)	<u>CLASS ACTION</u>
This Document Relates To: All Actions)	
_____)	
In re HEALTHSOUTH CORPORATION BONDHOLDER LITIGATION)	Consolidated Case No. CV-03-BE-1502-S
)	<u>CLASS ACTION</u>
This Document Relates To: All Actions)	
_____)	

JOINT AMENDED CONSOLIDATED CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL SECURITIES LAWS [FACTUAL BASIS]

DEMAND FOR JURY TRIAL

(v) the 2001 Audit Report was incorporated into the May 2002 Registration Statement by consent dated August 19, 2002.

(d) Accordingly, as set forth under the caption "Experts" in the Registration Statements, the HealthSouth consolidated financial statements as of, and for the years ended, December 31, 1997, 1998, 1999, 2000 and 2001 were included "in reliance upon" E&Y's unqualified audit report, "given upon the authority of [E&Y] as experts in accounting and auditing."

(e) E&Y's role in the fraud alleged herein.

Underwriter Defendants

122. Defendant UBS AG (referred to as "UBS") is a large integrated financial services institution that through subsidiaries and divisions provides commercial and investment banking services, commercial loans to corporate entities, and advisory services regarding the structuring of financial transactions, including engaging in, or helping to structure derivatives and hedging financial transactions, acting as underwriter in the sale of corporate securities to the public and providing investment analysis and opinions on public companies, including its clients, via reports issued by securities analysts. As detailed herein, UBS is liable as the successor entity for the actions of (a) Warburg Dillon Read, which was merged with UBS Securities in 1998 and was renamed UBS Warburg, LLC, and (b) PaineWebber Group, Inc., with which subsidiary UBS Americas, Inc. merged in 2000 and now does business as UBS Financial Services, Inc. UBS engaged and participated in the scheme to defraud purchasers of HealthSouth securities by rendering all of the above services to HealthSouth, as described in this Complaint. UBS is also liable under the Securities Act in connection with HealthSouth securities offerings. UBS subsequently sold the majority, if not all, of these debt securities to Qualified Institutional Investors ("QIBs").

(a) Defendant UBS Warburg, LLC (“UBS Warburg”), an entity principally owned by UBS AG, was the lead underwriter of the following HealthSouth Integrated Public Offerings: the September 2000 Integrated Public Offering, the February 2001 Integrated Public Offering, the September 2001 Integrated Public Offerings, and the May 2002 Integrated Public Offering. In the September 2000 Integrated Public Offering, UBS Warburg purchased \$148,750,000 of the September 2000 Unregistered Notes; in the February 2001 Integrated Public Offering, UBS Warburg purchased \$187,500,000 of HealthSouth’s Unregistered Notes; in the September 2001 Integrated Public Offerings, UBS Warburg purchased a total of \$275,000,000 of HealthSouth’s September 2001 Unregistered Notes; and in the May 2002 Integrated Public Offering, UBS Warburg purchased \$200,045,139 of HealthSouth’s May 2002 Unregistered Notes.

(b) Defendant PaineWebber, Incorporated (“PaineWebber”), now d/b/a UBS Financial Services, Inc., a subsidiary of UBS AG, was an underwriter of HealthSouth’s March 1998 Integrated Public Offering and its June 1998 Integrated Public Offerings. In the March 1998 Integrated Public Offering, PaineWebber purchased \$5,750,000 of HealthSouth’s March 1998 Unregistered Notes; in the June 1998 Integrated Public Offerings, PaineWebber purchased a total of \$22,500,000 of HealthSouth’s June 1998 Unregistered Notes.

(c) As noted above, PaineWebber subsequently sold the majority, if not all, of these debt securities to QIBs.

123. Defendant Citigroup, Inc. (referred to as “Citi/Salomon”) is a large integrated financial services institution that through subsidiaries and divisions provides commercial and investment banking services, commercial loans to corporate entities, and advisory services regarding the structuring of financial transactions, including engaging in or helping to structure, derivative and hedging financial transactions, acting as underwriter in the sale of corporate

352. Not only did UBS issue glowing “strong buy” analyst reports, but also worked with the other Underwriter Defendants to sell \$2,325,000,000 of Unregistered Notes after UBS concluded that HealthSouth was such a poor credit and business risk that UBS, before it would invest its own money in the Company, would have to quietly reduce its exposure and would have to obtain substantial fees to sell to the investing public Unregistered Notes that, as described above, would be used in substantial part to pay back UBS and the other Underwriter Defendants. UBS’s internal conclusions were not disclosed in UBS’ analyst reports nor in the several Offering Memoranda that UBS and the other Underwriter Defendants used to sell the Unregistered Notes. Indeed, a July 3, 2002 UBS e-mail discloses that UBS actually took steps to conceal its conclusions from the market. That UBS e mail directed UBS to sell-down its position in HealthSouth debt in “30 days or less,” stating that “less than 30 days is better without spooking the market,” and that UBS should “support[] our underwritings, to a point.”

353. Thus, throughout the Class Period, UBS was pocketing millions of dollars a year in interest payments and investment banking fees by engaging and participating in the HealthSouth scheme to defraud and stood to continue to collect these huge fees on an annual basis going forward so long as it helped perpetuate the HealthSouth scheme, while its top executives or managing directors pocketed huge returns on their investments – returns created by the very manipulative devices and transactions that were hiding HealthSouth’s true financial condition and artificially inflating its profit.

354. Lorello and McGahan also spearheaded UBS’s financing of several of HealthSouth’s questionable “off-balance sheet” special purpose ventures. These financings, too, were undertaken only as concessions to the Company in order to continue receiving considerable investment banking fees:

(a) UBS invested with HealthSouth executives in companies that did hundreds of millions of dollars of business with HealthSouth. For example, a newly created UBS-controlled entity was an investor along with Scrushy and other HealthSouth executives and directors in a company called MedCenter Direct.com (“MCD”) formed by these investors with the help of HealthSouth. In late 1999, HealthSouth initially invested \$2.2 million in MCD. The minutes of a March 28, 2001 meeting of UBS’s Leveraged Finance Commitment Committee disclose that UBS approved a \$15 million 7-month term loan facility to MCD. UBS agreed to provide the financing only after HealthSouth guaranteed 100% of the loan, and agreed to limit to \$345 million its access to the Company’s then-existing \$400 million credit facility from UBS. Those minutes explain the substantial nature of the relationship between UBS – particularly Lorello and McGahan, the Co-Chairs of UBS’s healthcare corporate finance team – and HealthSouth. “This financing is purely a relationship concession to HealthSouth, with the full sponsorship of UBSW’s HealthCare CFD [Corporate Finance] team. HealthSouth is a key relationship for CFD and LFG [Leveraged Finance Group] having generated more than \$[9] million in financing fees over the last 9 months. We expect that this flow of lead managed business will continue as HealthSouth continues to term-out its bank debt.” By 2001, HealthSouth was MCD’s major customer, buying over \$100 million a year in medical supplies from this insider-controlled entity – with over 50% of HealthSouth’s facilities purchasing supplies from this company.

355. UBS identified as a “transaction related issue” with respect to this financing the fact that HealthSouth would disclose in its financial statements either the transaction, which UBS referred to as “cosmetic”; the Company’s 100% guarantee of the loan; or HealthSouth’s agreement to restrict its access to its own UBS loan facility. HealthSouth’s non-disclosure did not impede UBS’s approval of the financing.

Superior Court to rescind all insurance policies issued or renewed since September 1998, based on fraud.

688. The market price of the Company's stock, which traded as high as \$31 per share during the Class Period, collapsed to the range of \$0.08 to \$0.11 per share.

LEGAL THEORIES AND CLAIMS

689. Pursuant to the Court's June 24, 2003 Order, the Stockholder and Bond Classes, and the Merger Subclasses, have set forth, in separate documents, their respective legal theories, claims and prayers for relief.

Plaintiffs demand a jury trial as to all issues so triable.

Dated: January 8, 2004

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DECLARATION OF ELECTRONIC SERVICE

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interest in the within action; that declarant's business address is 401 B Street, Suite 1700, San Diego, California 92101.

2. That on January 8, 2004, declarant will cause the JOINT AMENDED CONSOLIDATED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS [FACTUAL BASIS] to be served electronically on the parties listed on the attached Service List.

3. That there is a regular communication by mail between the place of origin and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 7th day of January, 2004, at San Diego, California.


DIANA HOUCK

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HealthSouth 02 (MASTER Combined)

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EXHIBIT C

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISIONIn re HEALTHSOUTH CORPORATION
SECURITIES LITIGATION)
)
)

Master File No. CV-03-BE-1500-S

This Document Relates To: All Actions
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)
)In re HEALTHSOUTH CORPORATION
STOCKHOLDER LITIGATION)
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Consolidated Case No. CV-03-BE-1501-S

This Document Relates To: All Actions
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)In re HEALTHSOUTH CORPORATION
BONDHOLDER LITIGATION)
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)

Consolidated Case No. CV-03-BE-1502-S

This Document Relates To: All Actions
_____**ANSWER OF THE UBS DEFENDANTS**

UBS AG and UBS Securities LLC (formerly UBS Warburg LLC) (collectively, "UBS"), and individual defendants Howard Capek, Benjamin D. Lorello and William C. McGahan (collectively, the "Individual UBS Defendants"), through their undersigned counsel, state as follows for their Answer and Defenses to the (1) Joint Third Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws [Factual Basis] filed April 30, 2007 ("Joint Factual Basis Complaint"); (2) the Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws [Legal Theories and Claims] filed on behalf the putative Stockholder Class on April 30, 2007 ("Stockholder Legal Theories Complaint"); and (3) the Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws [Legal Theories and Claims] filed on behalf of the putative Bondholder Class on April 30, 2007 ("Bondholder Legal Theories Complaint") (collectively, the

Ryan and Mr. Lorello and refer to those e-mail communications for a complete and accurate statement of their contents.

326. Deny the allegations of Paragraph 326, except: (i) admit UBS Warburg received customary investment banking fees from HealthSouth; (ii) admit UBS Warburg purchased a block of HealthSouth stock from Scrushy on May 4, 2002 and resold those shares pursuant to Rule 144A and refer to the May 15, 2002 Form 144 filed with the SEC by Scrushy for a complete statement of the details of Scrushy's May 14, 2002 sale of HealthSouth stock; (iii) admit UBS AG provided financing to MedCenterDirect.com ("MCD"), an entity then partially owned by HealthSouth; (iv) aver HealthSouth's guarantee of the MCD loan was publicly disclosed; (v) aver UBS did not create MCD; (vi) refer to the minutes of the March 28, 2001 Leveraged Finance Commitment Committee and May 6, 2002 Equity Capital Markets Committee Meeting and for a complete and accurate statement of their contents; (vii) admit upon information and belief MCD was a fully operational e-procurement company that provided legitimate services to HealthSouth; (viii) admit UBS AG provided a \$82.5 million loan to First Cambridge HCI Acquisitions, an independent real estate company, in connection with its purchase of healthcare facilities from HealthSouth and HealthSouth guaranteed the repayment of that loan and refer to that agreement for a complete and accurate statement of its terms; and (ix) admit HealthSouth advised UBS that it was not disclosing its guarantee of the First Cambridge loan because it was immaterial.

327. Deny the allegations of Paragraph 327.

328. Deny the allegations of Paragraph 328, except: (i) refer to HealthSouth's SEC Filings, including its Registration Statements, for a complete and accurate statement of HealthSouth's public securities offerings for the period of 1986 to March 1999; (ii) aver UBS

WHEREFORE, the UBS Defendants pray that judgment be entered in favor of them on all claims asserted in the Complaint, and that UBS be awarded its costs and expenses (including attorneys' fees) incurred in this action, together with such other and further relief as the Court may deem just and proper.

Dated: June 11, 2007
New York, New York

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